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VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

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"Have You Joined the Co-operative Yet? Join Now!"

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News

New CDP Co-ordinator

Following the promotion of David Griffith, the co-ordinator of the Victorian Ministry of Employment and Training's Co-operative Development Program (CDP), a new CDP Co-ordinator has been appointed. He is Hector Bugeja, who has been a regional manager with the Community Employment Program for the past two years. This is Hector's second stint with CDP, he was involved with the program during 1981-82, soon after it was established.

David Griffith has been transferred to a position with the Affirmative Employment Program, but he will continue to be involved with CDP at a policy level, and will retain his involvement with

the Ministerial Advisory Committee on Co-operation (MACC) and its working parties.

Hector's appointment is for an initial period of ten to 15 weeks, and will be reviewed in March (after the State elections). For the time being, he told *The Co-operator*, he is concentrating on familiarising himself with the program and with the funded co-ops. He hopes to visit most of the co-ops involved with the program over the coming two months, and will be involving himself with the "problem" co-ops in an effort to help sort out their difficulties.

Food Co-ops Delegation

On October 24 a deputation from the Victorian Food Co-operative Study Group (VFCSG) met with the Minister of Employment and Training, Mr Jim Simmonds, to express concern over the current staffing situation within the Co-operative Development Program (CDP). The study group is funded through CDP and staff are currently developing structures to support food co-operatives in Victoria.

We felt unsure of our expectations of the interview and left feeling uncertain of the Minister's future action. The issues we raised with the Minister related to the unstable staffing situation within CDP and the resultant stress that this generates for the remaining staff.

When expressing concern about the reduction in staffing within CDP and the potential for decreased effectiveness of the unit, was not met with substantial reassurance from the Minister.

It was pointed out that we saw

the unit's role as critical to the development of Victorian co-operatives and that unless the current and temporary level of staff was maintained or increased, co-operative development would be severely curtailed.

Staff continuity through long term employment within the unit was stressed as of particular importance from the perspective of employment conditions, and because of the nature of funded projects. Projects funded through CDP are generally of a long term nature and require familiarity and commitment on the part of CDP staff. While the Minister acknowledged this point, it seems contradictory that short term contracts and inadequate staffing levels should occur.

A final point raised with the Minister was of the need to consider funding for food co-operatives, where issues of worker and member control are

blended. There is no funding currently available to food co-operatives and recognition of them must be instituted alongside other co-operative efforts.

An encouraging development on this subject has taken place where CDP has been requested to write a discussion paper for the Minister on funding options for food co-operatives.

VFCSG will continue to raise these issues with the Minister and have found his advisor, Joe Burke, both accessible and informative on developments.

The study group emphasised the support and guidance it has received from David Griffiths, Monica Fawcett and recently from Leigh Holloway. The appointment of a temporary co-ordinator, Hector Bugeja, to CDP is welcomed and it is hoped that David Griffiths will continue to maintain his invaluable advisory role to the unit.

Jane Stokes
VFCSG

MACC Researches Co-op Training

The Research has been commissioned by the Ministerial Advisory Committee on Co-operation (MACC), appointed by the Minister of Housing and responsible for reviewing the Co-operation Act and identifying appropriate mechanisms for developing the co-operative movement and sector.

In order for MACC to identify appropriate mechanisms for developing the co-operative sector and movement, current Victorian co-operative education and training provisions is to be identified, options for meeting the needs of different types of co-operatives specified, and recommendations made for an appropriate education base for long term co-operative sector and movement development.

The research is being carried out by Brian Greer, a freelance consultant on co-operative development, in conjunction with Professor Geoffrey Meredith, from the Department of Accounting and Financial Management at the University of New England in Armidale, NSW.

The terms of reference for the study were in general to determine education and training needs for the co-operative movement in Victoria and in specific terms to involve:-

(a) A review of international literature to identify co-operative education and training philosophy and programmes in Australia and overseas (with particular emphasis on North America and Europe). This literature review, combined with interviews of co-operative personnel in Australia, would define co-operative education and training and identify levels of provision, course content, target groups,

delivery institutions, funding arrangements, and involvement of such organisations and government, trade union and tertiary institutions.

(b) An in-depth survey of education and training for co-operatives in Victoria involving a mail survey of a sample of co-operative members, co-operatives in Victoria, providers and potential providers of education and training programmes; and participants in selected specific co-operative education and training programmes. The mail survey would be supported by interview surveys with selected participants in co-operative programmes, selected key personnel associated with the co-operative movement in Victoria, and officers of tertiary institutions offering co-operative education and training programmes.

(c) A statement identifying a number of options available to Government for the development of long term co-operative education and training in the State, identifying target audiences, programmes, delivery systems and institutions, organisation co-ordination and monitoring programmes, implementation and priorities, and funding estimates.

The study is to focus on providers and users of co-operative education and training in Australia and would take into consideration the Victorian Government's regional and industrial policies, programmes and priorities. Attention will be directed to common and separate education and training needs of different types of co-operatives; however building societies will be excluded from the study.

SA Worker Co-ops

Guidelines for the establishment of worker co-operatives in South Australia have been provided by a working party set up by the Minister of Labour, Mr Jack Wright.

Mr Wright has stressed that his aim is for co-operatives that are "real businesses, able to compete in the marketplace and able to provide goods and services as part of the market economy".

The Minister has just returned from an overseas study tour that included a two-day inspection of the northern Spanish region of Mondragon scene of one of the world's most successful experiments in worker co-operatives.

"What I saw in Mondragon convinced me that if established on the correct basis, co-operatives have great potential for

job generation. The task of the working party will be to determine under what conditions co-operatives could be established in South Australia," Mr Wright said.

"The activities of the working party will be co-ordinated by the special employment incentives unit which I established in my department earlier this year".

from *Workplace*

Worker Co-op Forum

OPENING ADDRESS

BY

THE HON. JIM SIMMONDS, M.P.

AT THE

FORUM ON WORKER CO-OPERATIVES

SUNDAY, 14 OCTOBER

10.30 A.M.

Government Support for Worker Co-operatives

This workshop is a timely recognition of the increasing significance of worker co-operatives in Victoria.

The government is committed to supporting worker co-operatives provided they demonstrate the potential to become economically viable and are committed to co-operative and industrial democracy philosophy and practice.

What I would like to do is to briefly comment on how this commitment is being met by the Ministry of Employment and Training and to respond in part to some recent comment and concerns expressed on this issue.

The State Budget has provided \$720,000 for the Co-operative Development Program. An additional \$146,000 has already been committed to a Conversion Co-operative and a further \$200,000 set aside for further Conversion Co-operatives. Some other initiatives are being funded from other program allocations -- although the approval process and guidelines of the Co-operative are applied.

The overall commitment will be well over \$1 million. This is already a very significant commitment.

I am considering the need and the possibility of a further allocation of funds to the program.

I would not like to leave you in any doubt as to my support for this program and my confidence in what co-operatives can achieve.

Having said that, I would like now to focus on changes to the type of co-operatives being supported under the program.

The first Conversion Co-operative -- Glass Glow Industrial Co-operative Ltd. has been funded. Other proposals are being discussed. A building and maintenance co-operative, W.R. Renovations is being supported in the Western Suburbs.

Two Lebanese groups have been assisted. There have also been discussion between officers of my Ministry and representatives of the Turkish, Latin American and Indo-Chinese communities concerning the development of co-operatives.

Another co-operative currently being supported employs intellectually disabled workers.

I am delighted by these developments for they broaden the scope of the program.

It is my strong view that we should reject completely the view that if you are not an able bodied, white, male, anglo saxon, that you are incapable of running a co-operative. Co-operative understanding and experience of these groups is often quite sophisticated.

The development of these co-operatives has induced the provision of additional resources. This has to be provided to counteract the social, educational and physical discrimination experienced by the members of these co-operatives.

It has been realized that equity considerations demand unequal resourcing if opportunities and outcomes are to be equal. The translation of co-operative course material into Turkish or Arabic, for instance, is based on justice rather than welfare considerations.

The Ministry is aware of the need not to create a dependency situation. It should not be assumed that additional resources produce dependency.

Critical to my Ministry's resourcing of worker co-operatives is the C.D.P. Unit. The TransNational Co-operative and Labour Resource Centre report on worker co-operatives in New South Wales and Victoria suggested that there were some clear requirements for an effective unit. These were: first, the unit should operate independently from other Ministry programs.

Second, the staff of the unit should have co-operative experience, skills and commitment.

Third, oversight for the unit should be the responsibility of a senior officer with considerable and proven co-operative experience, skills and commitment.

Fourth, the unit requires a minimum staffing level consistent with its complex and sophisticated workload. Fifth, continuity of staff in the unit.

I agree that these are important considerations, and following representations to me by members of the MACC working group on worker co-operatives I will be examining how effectively they are being applied.

The Ministry's role in co-operative development is not just focussed on individual co-operatives. The long term development of a successful co-operative movement depends upon a sound legislative and support base.

Considerable resources have been made available



Mr Jim Simmonds

to the Ministerial Advisory Committee on Co-operation. The following MACC related activities have been funded:

- A Co-operative Conference
- The Co-operative Education Study
- A Research Worker for the CDP funded Co-operatives.

The Worker Co-operative Working Party is being resourced. This workshop was initiated by the Working Party and has been funded.

The *Co-operator* magazine is being funded. A series of Conversion Co-operative Workshops will be organised. A Co-operative videotape has been completed and a series of information pamphlets have also been commissioned.

The Co-operative Education Courses being developed in conjunction with Preston TAFE are unique in Australia. What is being achieved, however, should not blind us to the need for further development.

Worker Co-operatives are beginning to demonstrate their viability as ongoing economic enterprises. I recognise that economic viability will not in itself ensure the development of a significant worker co-operative sector.

Worker co-operatives need to organise and a proposal for a feasibility study into establishing a Worker Co-operative Association is currently under consideration.

In conclusion, there is a limit to what the government could and should do to support worker co-operatives. The government should establish and appropriate legislative framework and resource the development of individual worker co-operatives and the worker co-operative sector. The future of worker co-operatives, however, equally depends on a number of inter-related factors:

First, the ability of the existing co-operatives to achieve economic viability and democratic workplace practices.

Second, the ongoing provision of technical and financial assistance.

Third, the full unionisation of the existing co-operatives.

Fourth, the successful conversion of unionised companies into co-operatives.

Fifth, trade union support for worker co-operatives.

Sixth, the ability and willingness of the co-operatives to set new standards of working conditions for workers.

This Forum has been organised to consider the development of worker co-operatives and their place in the co-operative movement. I wish you well for the rest of the day and look forward to hearing the outcome.

Tax Planning For Co-ops

As I pointed out in my previous article, the majority of newer worker/trading co-operatives are treated as private companies for income tax purposes. As a result of this it is important that managers of these co-operatives be fully aware of basic tax planning techniques carried out by any private company in business. I have set out below a number of very significant matters of relevance to trading co-operatives.

1. Bad debts

In order to constitute a tax deduction, bad debts must be written off as such during the year of income in which the deduction is required. Section 63 of the Income Tax Assessment Act (hereafter "The Act") clearly sets out this requirement,

which in effect means that writing off bad debts as a balance day adjustment is not acceptable.

In view of Section 63, it is important that the extent of bad debts be constantly reviewed. Care must also be taken in determining when a debt is bad, and should be written off. For example, if a co-operative decides to write off a debt during a year, but after carrying out further investigations it discovers that the debt did not really prove to be bad until a subsequent income year, the situation could arise where the co-operative may never get a tax deduction for that debt. It would not be entitled to a deduction in the first year, for although the debt was actually written off during that first

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period, the debt was not in fact bad. In a subsequent period, even though the debt may prove bad, it will no longer be recorded in the books so that it cannot be written off during that second period.

2. Trading Stock

Trading co-operatives, like all taxpayers, are required under the provisions of the Act to bring to account at the end of each financial year a 'value' for each article of trading stock. Taxpayers have an option of bringing stock to account at its cost price, its market selling value, the price at which it can be replaced, or, with consent from the Tax Commissioner, an amount lower than any of the three earlier mentioned bases of valuation. This "fourth" basis is available where, by reason of obsolescence or other special circumstances, the Tax Commissioner concedes that it would be fair and reasonable to adopt that lower value. Section 31 of the Act, which sets out these options, is a significant provision, and should be given important consideration as obviously stock valuation has a large impact on profit and consequently a co-operative's taxable income.

In the past many taxpayers have brought to account stock, initially at cost, and have then deducted arbitrary amounts in an endeavour to reduce the cost of certain items to what is considered to be their market-selling value, or replacement price. These procedures are clearly not acceptable to the Tax Commissioner. Nor are procedures whereby a taxpayer co-operative attempts to leave open its choice of the value of any particular article of trading stock. In these circumstances the Tax Commissioner would insist that it make its choice at the time when it lodges its income tax return.

In the case of trading stock which has no real value because it cannot now be sold to anybody, it will often be difficult to establish what is the market selling value to be adopted at the year end. The Tax Commissioner has often insisted that, in these circumstances, unwanted stock, if on hand, must be brought to account at cost. The best way to avoid this problem is to scrap the unwanted stock prior to the end of the financial year so that the particular items will not be in existence.

3. Plant & Machinery

Trading co-operatives should note that the provisions of the Act dealing with depreciation of fixed assets (see Section 54 of the Act) require that plant or equipment actually be used for the purpose of producing assessable income during the year of income, or at least installed ready for use before a tax deduction for depreciation is available. For example, no depreciation deduction would be allowed if plant is purchased during the year but not fully installed before 30th June.

When making a claim for depreciation for taxation purposes it is also important that managers of co-operatives be aware of the multiplicity of rates available. The Tax Commissioner has published a list of the standard basic rates of depreciation for a great variety of classes of depreci-

able assets. These are based on estimations of the effective life of property of the classes listed, of average type, used under normal working conditions. The standard rates are not directly applicable however in many cases, because of accelerated depreciation rates available to most taxpayers. These may be summarised as follows:-

- A 20% loading on standard depreciation rates applies to most plant items ordered after 19 August 1980 and before 1 May 1981.
- An 18% loading on standard depreciation rates applies to most plant items ordered after 30 April 1981.
- A fixed accelerated prime cost rate of depreciation applies to most plant items ordered after 19 July 1982.
The accelerated rate is 20% where the plant would otherwise have qualified for a depreciation rate of 20% or less (including the 18% loading). In any other case the accelerated rate is 33-1/3%. A taxpayer may elect not to adopt the accelerated rate in which case the standard rates (plus the 18% loading) will apply.
- Special rates of depreciation are fixed for primary production plant; farm storage facilities; employees' amenities; scientific research plant; petroleum storage facilities, and basic iron and steel plant.
- Depreciation at double the standard rates applies to certain manufacturing and primary production plant first used or installed ready for use after 30 June 1974 and before 1 July 1975.
- Depreciation at double the standard rates applies to most plant items first used or installed ready for use after 30 June 1975 and before 1 July 1976.

It should also be noted that as with trading stock, many taxpayers have found that even though they have completely discontinued the use of certain items of plant, and even though the power supply may have been disconnected and the item left to deteriorate in a corner, the Tax Commissioner will deny a deduction for the depreciated value of the plant. This is because the item is still "on hand" for income tax purposes, and has not been "disposed of, lost or destroyed" in accordance with Section 59 of the Act, and so no deduction is allowable.

Accordingly, if a taxpayer co-operative wishes to obtain a tax deduction in a particular year, it must be ensured that the disused item of plant is physically scrapped before 30th June. In these circumstances a full deduction for the tax written down value of the item of plant would normally be available.

The above comments are a summary of some of the more significant tax planning considerations that should be kept in mind by the management of any trading co-operative. Of course the whole field of taxation and tax planning is highly complex and fraught with dangers for the uninitiated, and when in doubt it is highly recommended that expert advice be sought.

Stephen Philips

The New OH&S Administration

1. The Union View

Speech given at the Occupational Health and Safety Seminar, 7 November 1984, by Peter Marsh, Assistant Secretary of the Victorian Trades Hall Council.

The VTHC firstly welcomes the amalgamation of occupational health and safety activities into the one administration, under the Ministry of Employment and Training. This will provide, for the first time in Victoria, a unified approach to the enforcement of standards to protect the health and safety of Victorian workers. We would expect that one of the first priorities of the new Administration would be to develop uniform reporting procedures and practices, so that the new inspection services branch, the technical services branch, the hazardous materials division and the occupational health service contribute to a unified administration. Experience overseas indicates that this is difficult to achieve, so we must not underestimate the difficulties in Victoria, and we must plan comprehensively to overcome them.

This we see as one of the prime roles of the new assistant director-general responsible for health and safety administration. The aim will be not to allow each separate branch to continue to protect their patch, but to foster co-operation between the branches. For example, we would like to see the inspection service branch calling on the expertise of the hazardous materials division when visiting factory premises to investigate whether chemicals are being used safely or not.

The key issue to be addressed, however, is the following. Is the role of the inspectorates primarily to act as a law-enforcement agency, or as a source of information and advice? There are strong proponents in favour of the latter view, including many employers. But the VTHC is of the firm view that the prime role of the inspectorates is to enforce the law. The law lays down certain minimum standards of work organisation and control of the work environment, in order to protect workers' health and safety, and these must be enforced. If they are not, the law falls into disrepute, and everybody suffers, including the progressive employers who seek to maintain good working conditions, but then find themselves undermined by unscrupulous employers who cut corners on safety.

It follows from this view that the enforcement strategies of the inspectorates needs to be completely overhauled. Under the occupational health and safety bill, inspectorates have available pro-

tratively obtaining compliance with the law (that is, without having to resort to the courts), particularly in the United Kingdom. When these become available to the inspectorates in Victoria, they should be used to ensure compliance with specific prohibition and improvement notices, which have served admirably overseas as a means of adminis-



obligations, for example machine guarding, but increasingly they will be used to encourage compliance with the standards and codes of practice developed by the commission.

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But one avenue remains to be explored; the use of such notices to interpret the employer's general duty to provide a healthy and safe place of work. In our view, this will be the principal role of prohibition notices and improvement notices, and prosecution will be necessary only when an employer ignores the prohibition or improvement notice served on him or her. So, judicious use of administrative notices may lead to fewer, rather than more, prosecutions, contrary to some employers' views.

In the meantime, the general duty of care imposed by employers by the Industrial Safety Health And Welfare Act (ISHWA) of 1981 should be vigorously enforced. This general duty clause is being enforced in a very narrow manner at the moment, if at all. For example, no prosecutions have been brought against employers who impose an unsafe system of work on their employees by requiring them to perform repetitive tasks, which lead to repetitive strain injuries. Yet this has been done in the United States by OSHA (Occupational Safety and Health Administration), under the general duty clause of the 1970 occupational safety and health act. OSHA issued a citation to a Virginia textile employer in 1980, on the grounds that the work system was causing repetition strain injury. This was the first citation issued by OSHA on this topic, and, in the view of the VTHC, it is time that the inspectorate in Victoria took a similarly broad view of its powers under this section.

But it is worth repeating that we see the need for prosecution declining when the inspectorate have prohibition and improvement notices at their disposal, to interpret the general duty clause in specific areas. One of our chief criticisms of the past regime of the inspectorates has been the lack of adequate information provided on their activities. For example, in South Australia, the report of the Occupational Safety, Health and Welfare Steering Committee, released in August 1984, subjected the activities of the inspectorate there to public scrutiny and analysis for virtually the first time. A similar task awaits us here in Victoria.

Firstly, the current inspection patterns and enforcement activity needs to be set out in regular reports, to be provided in the first instance to the Ministry and/or the Commission, and then to the public. This is essential to enable public review of the current strategy to be conducted. Secondly, the details of occupational injuries and diseases need to be provided. An enormous amount of material is accumulated through inspectors' reports, and this does not see the light of day. It is imperative that these reports be regularly edited for publication and disseminated widely, by the ministry or by the commission. Knowledge of the sorts of accidents and diseases that are occurring, and of their causes, is essential in terms of underpinning of viable preventive strategy.

Thirdly, the details of cases brought to court, whether the prosecution was successful or not, need to be widely disseminated. The department is currently required, under ISHWA, to furnish an annual report to parliament. This report cannot be said to provide a comprehensive picture, either of departmental activity, or of the state of occupational health and safety of Victorian workers. No case reports on fatalities or accidents are separately published. There is no analysis of enforcement activity that allows any degree of public scrutiny. The VTHC believes that there is a need to review the department's current practice of adhering more to the principle of brevity than to that of detailed public disclosure.

Within the inspection services branch itself, few inspectors have other than trade qualifications. While these equip them with the ability to detect and correct machinery hazards, they do not give the inspectors a broad knowledge of the hazards, nor do they provide them with an ability to anticipate hazards in new technology. There is a clear need to provide the present inspectors with additional resources to meet changed demands, and to ensure future recruits are able to meet these demands.

An overwhelming bias towards knowledge of machinery hazards still exists. If the department is to keep up with changing technologies, then it will clearly need to be allowed to recruit more specialist staff in such fields as chemical hazards, radiation hazards, dusts and fibres, and analysis of new technology. To this end, the VTHC favours the setting up of health and safety diploma courses at TAFE colleges and CAEs, which can provide an avenue of improved training for inspectors.

Although we see the prime role of the inspectorate as being to enforce the law, it will inevitably develop and continue an advisory role as well. However it is important to note that alternative sources of advice and information are now being established, which will take the load off the inspectorate to some extent. For example, the federal government has announced the setting up of a National Institute of Occupational Health and Safety, to be under the overall guidance of the National Occupational Health and Safety Commission. This institute will be a prime source of information and advice, and workplace hazards and their control for employers and for unions. Secondly the unions themselves are providing services to their members on health and safety, through the ACTU/VTHC occupational health and safety unit, and through individual health and safety officers within the unions themselves, and this service will continue. Hence, although the inspectorate will inevitably continue to play a role in providing information and advice, the existence of alternatives will increasingly allow the inspectorate to concentrate on its role as a law enforcement agency.

Finally, I should look at the relations that we hope will develop between the inspectorates and the unions. When an inspector comes on site at a workplace, we would expect that inspector to make contact, not just with the employer, but with the workers' health and safety representatives or union delegates as well. Secondly, we would expect

that the health and safety representatives or delegates accompany the inspector on any tour of the workplace he or she may take. Thirdly, we would expect any report prepared by the inspector arising from such a visit to be forwarded to the delegates and relevant unions as well as to the employer. Guidelines on this aspect of the work of the inspectorate will no doubt be developed by commission. And fourthly, the inspectorate should understand that the unions will not be calling them

into a workplace to simply offer advice as to whether work is hazardous or not. The unions see the inspectorate as a law enforcement agency and will call them in to enforce breaches of the law, whether these be particular breaches, or breaches of the general duty of employers. It is to be hoped that in the future a constructive and positive relationship between the inspectorates and the trade union movement can be developed.

2. The Employer View

Speech given at the Occupational Health and Safety Seminar, 7 November 1984, by Bob Herbert, of the Metal Trades Industry Association.

It goes without saying that employers have high expectations of the new Victorian administration, as indeed we have for the general administration of occupational health and safety throughout Australia. A measure of our expectations is the considerable investment employer bodies, such as MTIA, have made by way of time and energy in the processes of consultation and discussion in this area. Employers have been willing participants in this consultative process, which has been quite intense over the past few years. Our participation has not been for the purpose of resisting change, but rather to help facilitate it; and, as you know, all around Australia quite considerable change is under way. At the national level, for example, the Commonwealth Government has decided to establish a National Occupational Health and Safety Commission. This was confirmed on 12 October in a statement to Parliament by Ralph Willis, the Minister for Employment and Industrial Relations. This decision follows very lengthy consultations through the National Labour Consultative Council, and then through the interim national commission established about 12 months ago.

Change is also underway at the state level. In NSW in 1983 significant legislative changes were enacted; perhaps the most far-reaching to be achieved at the state level to date. In other states, such as South Australia and Western Australia, legislative change is proposed, and these changes are now the subject of consultation and debate between the parties.

We are also poised for significant change in Victoria. However, the consultative process has been rather drawn out and tedious, because of the stop-start nature of the discussions. But at least it can be said that substantial parts of the proposed Victorian legislation have been agreed and are ready for enactment, particularly those parts

relating to the administration of occupational health and safety in this state.

With the benefit of hindsight I believe that it is a great pity that the Victorian government did not choose to proceed with those aspects of this legislation that have been agreed to during this long and difficult consultative process. After all, consultation commenced more than 18 months ago and from a very early stage there was agreement on significant parts of the proposed legislation, particularly the administrative aspects, including the establishment of the proposed Occupational Health and Safety Commission.

I wonder how much further down the road we would be now if the tripartite commission was in place and functioning as the proposed legislation intends. I suggest that this would have been a far more preferable course, and that a great deal more progress would have been made towards eliminating the remaining areas of disagreement, and achieving the objectives of the proposed legislation, namely to secure the health, safety and welfare of persons at work.

Having been deeply involved in the consultative process, I understand the difficulties faced by the employers, the unions and the government in reaching agreement on some aspects of the proposed legislation. However it cannot be overlooked that the original discussion papers, and the subsequent draft legislation, had been prepared so as to reflect the policies of the ALP and the ACTU on occupational health and safety, as recorded in their Accord, and as further developed at the September 1983 ACTU Congress, and other union forums. Both parties to the Accord regard their policies as sacrosanct; but the Accord is a document to which the employers have had no input. So it should be

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no surprise to anyone that disagreements will arise on issues where employers strongly hold opposing views to those of the unions and the Government.

It would in my view be unwise for anyone to apportion blame for this failure to agree, because the remaining matters in dispute are very significant issues indeed. They go to fundamental philosophies which have often separated unions and employers. The decision not to proceed to enact the substantial areas of agreement which have been agreed, especially the establishment of the Occupational Health and Safety Commission, is quite regrettable, because it is now apparent that there will be no opportunity for these provisions to pass into law until well into 1985. In other words, there will be no immediate opportunity for anyone, employers or unions, to realise their expectations of the new administration, of which the proposed Commission was to be an integral part.

I venture to suggest that had the Commission been placed on a legal footing at an early stage of the consultative process, many of the areas of disagreement could have been eliminated. As we all know, the commission is to provide a tripartite structure which strives for consensus, and had it been in place and working, so much valuable time may not have been lost, and differences on sensitive issues may have been overcome.

The issues still in dispute have been narrowed considerably. Only three or four major issues now divide the parties. But because of them a legislative void has been created, and the administration now has no new legislation to administer. What then are these barriers to finalisation of the legislation, and what significance do they have to the administration of occupational health and safety in Victoria?

The first stumbling block is that the bill provides for the election of health and safety representatives by and from members of trade unions only. This contrasts with the current law, under which all employees, whether members of a union or not, may nominate for the role, and all may vote. The employers see no need to alter this situation. So now, what would be trade union domination of the health and safety positions completely overlooks the fact that in many establishments employees who may not be union members have already gained considerable experience and training on health and safety matters, and may already represent their fellow employees on safety committees. Why should these people now be denied the possibility of appointment, and thereby continuing to represent their fellow employees?

The only conclusion one can draw from the insistence by the unions that their members should dominate the safety representatives' positions is that they believe that the unions and their members possess all the wisdom in occupational health and safety matters. This clearly is not the case. Substantial numbers of companies, and especially smaller employers, have no union members at all,

and sound occupational health and safety practices in these factories are just as important as in factories where trade union members predominate.

The ACTU and VTHC Health and Safety Unit may be a successful and effective machine in this arena, but not all workshops have access to it. Far from it. And many unions, probably the majority of them, have very few resources and little expertise in occupational health and safety matters. So why should unions and their members dominate the safety representative positions, when others may be better qualified to fulfill this role? If this is allowed to occur, the administration of occupational health and safety would be a nightmare for employers on the one hand, and for government administration on the other. One of the reasons I say this is that the proposed legislation would afford the safety representatives very considerable powers and duties, many of which require technical understanding and judgement. For example, these include the right of representation of employees; the right of representation to employers, and to enforcing authorities; to investigate complaints or potential hazards, dan-



gerous substances and accidents; the right to conduct inspections and to receive certain information; the right to require the establishment of safety committees; the right for paid time off to carry out these functions and several others.

Obviously the performance of these functions in a responsible manner requires qualifications more than just that of union membership. So why exclude a person who may be the most qualified in a workshop simply because he or she doesn't hold a union ticket?

Another concern that employers have, is that the powers and duties of safety representatives have not been properly defined. Before these sections are enacted, it would have been preferable to develop codes of practice to suit the circumstances of particular industries. The establishment of codes of practice is to be a major function of the Commission, and had it been formally established by legislation, considerable progress in developing these codes would now have been achieved. If this had been the case, many of the employers' current apprehensions about the wide-ranging powers afforded to safety representatives and their possible misuse could have been alleviated.

Another major stumbling block to agreement is that the bill contains unsatisfactory provisions which allow any employee to stop or refuse work without loss of pay, ostensibly for health or safety reasons; which may be subsequently found totally unjustified. Such a provision would be open to abuse by employees acting in concert or in ignorance, or at the suggestion of a trade union or others. For example there are widely differing views between employees and employers on a variety of issues relating to occupational health and safety, including such sensitive issues as asbestos. Only a few weeks ago, about 2,000 employees stopped work for several days on the construction of the Loy Yang power station, when asbestos was found at the site. Those stopping work and demanding payment included employees who were working two and three kilometres away from any asbestos which, I might add, had been declared safe by the union's safety advisor.

Consider another example which demonstrates the administrative trauma which could result should these provisions be continued within legislation. The metal trades unions have specific policies about working on hot days. These policies provide that where the temperature reaches certain levels, 30° or above, various amounts of time off should be taken, with pay. The temperature levels set out in the policy are quite arbitrary, and to the best of our knowledge there is no clear medical evidence to support the union's position. Should the legislation proceed, as it is now drafted, that is giving the individual the right to decide if he works or not, it would be quite open to the metal trades unions to suggest to the safety representatives they have appointed that union policy should be enforced. I have been in the metal trades industry long enough to know that these events do occur, and it would be most unwise to now give them legislative sanction.



Employers are concerned that the inevitable result of extending a legislative right to an employee to decide whether or not he works, will have the consequence of bringing industrial relations issues squarely into the province of occupational health and safety administration. This would be an intolerable situation for the employers and for the administrators.

There are other concerns that employers have with the legislation, all of which could give rise to future administrative difficulties. The lack of control over the number of safety representatives that may be appointed, the considerable onus which falls on employers and not on employees, the lack of discretion in awarding minimum penalties, and the issue of improvement and prohibition notices, and even the definition of "practicable", have been contentious issues. Hopefully, further negotiations around these issues will eliminate the conflicts which now exist between the parties. The legislation simply won't work if the will of one side is imposed on the other. I'm sure everyone in this room would agree that the task of administering the legislation, whether by employers, unions or government, will be much smoother and more effective if there is common ground on the requirements of the legislation. In this regard one should always keep in mind that it is the employer who must accept the final responsibility of providing and maintaining, as far as is practicable, a working environment for employees that is safe and without risks to their health. It is because of this final responsibility that employers must insist that any legislation they are to administer is balanced and equitable.

Discussion

Worker Co-ops In Italy

The history of worker co-ops in Italy is far longer than that of those of Australia and many other countries, originating among agricultural workers in the Emilia Romagna region at the turn of the century. The development of co-ops in Italy has had a long and difficult history, but currently is being helped by concessions and privileges in taxation and assistance from National Banks. Most worker co-ops have developed under and as part of the *Lega Nazionale delle Cooperative e Mutua*, or simply "La Lega". La Lega is linked to the trade union movement and the Socialist and Communist Parties in Italy. Italy now has the largest number of worker co-operatives in Western Europe, over 3,000 active enterprises with over 150,000 employees, engaged in building, civil engineering, manufacturing, service, cultural and other sectors of the economy. These co-operatives are concentrated in Central Italy, primarily in Emilia Romagna, Umbria and Toscana.

During the recent Conference sponsored by the Victorian Government, "The Italian Regional Governments and the Italian Community", we were able to speak to the delegates from the Emilia Romagna region about the impact of co-operatives in their region. We spoke to Radamas Stefanini, the vice-president of the Regional Government and Antonio Panieri, Secretary of the Regional Consultative Council on Emigration.

What has been the experience and history of worker co-operatives in Emilia Romagna?

We are not experts on co-operatives in a technical sense but we are informed enough to talk on the influence and impact of co-operatives in Emilia Romagna and Italy.

There have been three different phases in the development of co-ops in Emilia Romagna. The first phase was part of the movement for social justice and for emancipation in the early part of this century. Out of this movement grew the first co-ops, and from the beginning they had the same roots as socialism in Emilia Romagna. Socialists like Baldini and Costa were the great protagonists who helped form the first co-ops of agricultural workers in the 1900s. Agricultural co-ops were followed by consumer co-ops, which formed the base of the movement, a movement which sought solidarity among workers and an equal division of labour.

The second phase was in the post World War II period. After the war, the economy was devastated. In various areas of the economy, in agriculture, construction, service and industrial sectors of the

economy, co-ops were established as a means of economic reconstruction. In this phase there were new forms of co-ops, in industry and building as well as in the service and consumer sector.

The third phase is the current state of co-ops. They are now a great financial and economic power. However they are still guided by the principles that existed from the beginning, which could be summed up as "solidarity, mutual benefit and social justice".

Co-operatives are born with a minimum of nine members. The co-op rules set out the aims for the co-op. Worker co-ops can vary in size from ten to 100 to 2000 members. Members of the co-op work in the enterprise but there are often non-members also employed.

The contract of employment with non-members are the same as in national awards. In worker co-ops profits are not distributed to members but are used for social needs e.g. to run kindergartens or for holiday homes for the workers.

In Victoria there is a debate on whether the surplus from co-ops should be distributed to members. What is the Italian situation?

In the co-ops in Emilia Romagna part of the surplus is re-invested in the enterprise and a part is spent to meet social needs of the workers. In Italy there are also co-ops which divide the surplus amongst themselves, but they are not part of La Lega (The League of Co-operatives); they are private organizations with co-op as part of their name.

Is the surplus used to only meet the members' social needs?

The surplus benefits members and other workers in the co-ops.

Do members contribute a large equity when co-ops are formed?

It depends, but generally co-ops are financed through the National Banks. For example a certain percentage of the funds of the Banca di Lavoro is set aside specifically to help finance co-ops. There are also instances when co-ops cannot pay for particular pieces of equipment and workers voluntarily give up part of their wages to help finance the venture. At times this causes problems with the Trade Unions, as they insist that workers receive wages as set by awards.

Do co-op members hold shares in the co-ops?

There is no shareholding, just membership, as the

capital in co-ops is social and not individual.

Australian banks do not like co-ops; how do Italian worker co-ops raise capital?

No bank likes workers, but in Italy the political and economic power of co-ops have forced banks to invest. Today part of the funds of the National Banks go to investments in co-ops. In the initial development of co-ops huge sacrifices were made by workers, often they worked on half wages. Today the co-op movement has capital worth millions, and Italian co-ops today are building dams in South America and roads in Africa.

What is the relationship between the trade unions and the co-op movement?

They were born together in the worker struggles and they have assisted each other. However there has also been conflicts; for example, when co-op members insist on putting part of the salary back into the enterprise against the wishes of the trade unions.

Is this money given to the co-op as credit?

The members benefit by the increased wealth of the enterprise. Whether they get paid back in cash depends on the individual co-op. Sometimes workers have decided to take cuts to buy machinery but this occurs only in crisis periods for the co-op when members decide to make such sacrifices.

What happens when a worker member leaves a co-op?

The person still remains a member. It is not automatic that if someone changes job they leave the co-op. The members would not be discharged from the co-op, nor would they receive money when they leave, as all the property of the co-op is social and not private.

What differences exist between the regional and the national government's view of co-operatives?

There have been numerous national Governments in the post-war period. Some have helped the Co-op Movement while others have done much less. Co-ops have always needed to exert political pressure to get recognition and rights. In recent years the three federations of co-operatives have worked together to exert such pressure.

Of the three Federations the largest is La Lega which is affiliated to the Communist and Socialist Parties. Of the others, one is affiliated to the Republicans and Social Democrats and the other one is Catholic and is linked to the Christian Democrat Party. They have an agreement so that they always present themselves as united when negotiating with the Government.

In Italy there are three Federations, in Victoria there is one which has about 40 co-op members, and this Federation claims that co-ops should be non-political.

In Italy we have another opinion. In the Italian experience the co-op movement is tied to the struggle of workers for social justice and emancipation, and hence tied to the birth of Italian

socialism.

In our region we have two regional laws to benefit co-ops. Our Regional Government, which is led by members of the Italian Communist Party, strongly supports the formation of co-ops. In a few areas of our Region there are few co-ops so we have tried to promote co-ops throughout the Region. One law is especially designed for youth; if young people want to set up a co-op they are given financial support from the Region to establish the co-op.

How is La Lega organized?

It is organized to provide the following services for co-ops; legal advice, financial services, technical services, educational courses, co-ordination and administrative assistance.

Has La Lega got regional offices?

Of course, each co-op has its own structure and is controlled by a secretary, a director and an administrative council. The size and type of co-op determines the co-op's administrative, technical and research capabilities.

It is then affiliated to La Lega in its province which is federated to La Lega in the Region which in turn is federated to La Lega nationally. There are eight provincial federations of La Lega which make up the Regional Federation of La Lega in Emilia Romagna.

In the agricultural co-ops are the farms individually owned?

In Emilia Romagna there are large agricultural co-ops. Generally the co-op owns the land which is worked by the agricultural workers. There are also producer co-ops which service land owned by individuals.

How big is the co-op sector in Italy?

We can give you a brief idea of the dimensions of the co-op sector. For example in the Bologna province there are three construction co-ops with around 3,000 workers and a turnover of about 150 million Australian dollars. In Italy the fourth largest supermarket chain, the third largest construction firm and the sixteenth largest food processing firm are co-ops affiliated to La Lega. This just gives an idea of the size and importance of co-ops in the local, regional and national economy in Italy. Again using the Bologna province as an example, there are 274 co-ops affiliated to La Lega, with 12,562 employees and a turnover of about 1,000 million dollars, in 1983.

How can we in Australia learn more from the Italian experience?

We can exchange personnel and Australian politicians could view the work of La Lega. We could liaise directly on your behalf with La Lega, which would be more than happy to share their experience. It is important that politicians come to look at the legislation that favours co-ops and the political relations between co-operatives and the state.

• Carlo Carli
Brunswick Italo-Australian
Employment Co-operative

Resourcing Worker Co-ops

Paper presented at the Worker Co-ops Seminar, 14 October 1984

In traditional business, professionals provide a service based on the capitalist ethic. This in itself is not a bad thing. However it does not necessarily best provide for the type of resourcing relevant or necessary for the best short or long term interests of the Worker Co-operative movement.

1. In most cases, professionals will seek to receive financial reward that is often determined outside what might be described as the free market.
2. There is no reason that is obvious as to why these professionals would seek to assist in the passing on of skills to the members of a Worker Co-operative.
3. Such professionals would generally have a poor understanding of the Worker Co-operative philosophy and would subsequently have a fair degree of resistance in assisting groups, in this area. Particularly so, in the area where there is a degree of Co-operative group dynamics.

Naturally, this is a generalization, and there are, even in Victoria some worthwhile exceptions.

WHY ARE CO-OPERATIVES DIFFERENT?

Whilst Worker Co-operatives are freely working in the market place, and competing aggressively to further their product or service, they *usually* feel a compulsion to act within the principles of the Worker Co-operative movement. Thus, they are bound by a certain code of behavior that some may feel is lacking often in the context of the wider market place.

The principles by which Worker Co-operatives operate and function have previously been well expressed, but in more general terms those points that may be relevant to this paper might be:

1. The non-exploitation of workers and Institutions outside the workplace with which the Co-operative has dealings.
2. To manage the co-operative in line with the notion of worker democracy.

HOW THEN, DO WE RESOURCE WORKER CO-OPERATIVES?

A. The Programme to date

The Co-operative Development Unit of the Ministry of Employment and Training has to date

achieved some very worthwhile initial work in the area of Education & Training. This, I am sure is well understood by most participants here today at this Forum.

Clearly, the area of greatest emphasis has in the first instance been in the area of education. This has been viewed as a basis from which a programme that initially was geared to small business was substantially modified over a period of time. After a period of some re-development the programme that has emerged has increasingly sought to address the needs of the movement and the overall programme. This has been a rather difficult task, but certainly the comments forthcoming from the participants seem to indicate some success.

The area of Training has, to date been addressed by professionals that have traditional business orientation. Certainly, much of the skills necessary might just as well be served through these persons. However, as I have stated on other occasions it is not so much the obvious expertise that is ever in question. Rather, the problems tend to centre around the more qualitative consideration of specific orientation.

In more recent times there *has* been an increasing usage of co-operatively orientated resources where they have been readily available.

B. The Programme and its directions

To those who have had the opportunity to assist in the resourcing of the Worker Co-operative Development Programme during its relatively short life in Victoria and Australia, there seem to be 3 broad areas emerging in terms of priorities:

1. The facilitation of Education and Training of New and Starting-up Worker Co-operatives.
2. The on-going training and counselling of those Worker Co-operatives already in existence.
3. The participation and Development in education, training and evaluative roles in the new area of Conversion Co-operatives.

Resourcing units, individuals, or agencies might best be described as a "many headed Hydra" without the less than constructive connotations. As well as providing services that to a large degree exist in a rather fragmented form:

1. It provides a multi-service co-ordinating role
2. It must recognise, and participate in the process of skills dissemination. In this context, I am referring to the need for such resourcing units to

understand the essential requirements of the workers of a co-operative. So, it must assist, participate, and develop skills so that the role of Co-operative management, and the capacity of the member workers to initiate democratic decision making is enhanced.

AREAS FOR GROWTH

A. Structures

Areas for possible improvement have been discussed on a wide basis with both co-operatives and persons interested in the programme as it exists in Victoria. These areas are potentially large, given what must be recognised as an area that exhibits an essentially *distinct nature* and a movement with quite *distinct needs*.

There are those who believe (myself included) that such resources have a responsibility to participate more directly in a range of areas. To achieve this;

1. It should attempt to exhibit a structure or at least a willingness to represent the interests of the Worker Co-operatives that it services.
2. More importantly, *its own structure* should conform with the Worker Co-operatives, that it services.

Overseas and in Australia there has been some work in the development of Co-operative Development Agencies (C.D.A.'s). It is hoped that in the not too distant future some similar activity might take place in our own region. Such C.D.A.'s would provide the co-ordinative basis for Resourcing Units. They might further present the

basis for a model for regionally based units. Some work has independently been pursued recently in this particular area.

B. The nature of Resourcing.

Resourcing should in the longer term attempt to achieve specific directional objectives, some of which would be;

1. The participation in promotional work in the areas associated with the education and training programmes of the Worker Co-operative sector, to the community at large. This would be achieved perhaps "at arms-length" from government. This would be *either* on an independent basis, or in association with existing Educational Institutions. (refer point 2.)
2. The participation with Institutions would perhaps bring back to the educational Institutions, some of the "real world" situations and additional expertise to those that would readily be provided.
3. The closer liaison between those resources servicing the Worker Co-operatives, and the Co-operatives themselves. This closer "one to one" type approach fits in with the notion of smaller more informal workshops. This is indeed something for which a great deal of desire has been expressed. This approach would provide a personal style. The result would hopefully be the ability to address *specific types of information*. Further, it would greatly enhance the ease with which skills and expertise may be disseminated.

To those who are deeply committed to the Resourcing of Worker Co-operatives, and in spite of some obstacles that have from time to time presented themselves, there still exists a state of "great expectation".

Ivan Katz

The Art of Tightrope Walking

Paper presented at the Worker Co-ops Seminar, 14 October 1984

Antoine Antoni in his Pamphlet "The Co-operative Way - practical advice on self management in worker co-operatives" states that a co-operative which is an economic failure is automatically a social failure. A co-operative which is solely an economic success is of no social interest.

Worker co-operatives are therefore about balancing these two critical issues - economic viability of the business and the social objectives of the group. It is much like walking a tightrope, following a definite step by step progression to a goal.

If we continue to use this analogy we can see that skills in this acrobatic exercise are not immediately acquired, they take time, and practice. No one else can do it but the person on the tightrope.

The same person must acquire both technical skills, and if they wish to perform with other tightrope walkers they must organize and agree to do their act in unison, otherwise it will be fatal.

The tightrope walking coach has a number of roles:

Firstly, to stop the enthusiastic beginner from climbing to the high wire without a balancing staff and trying to attempt to cross the wire blindfolded. If the beginner listens to the consequences, of going up unprepared, and the skills they must have, then perhaps they will assess the task ahead and agree that in time that will be their goal but for the present, they have a lot to learn.

Continued from previous page

Secondly to develop basic walking skills, first on the practice wire two feet from the ground. Correct methods are important. If they learn bad habits, then when they come to work on more difficult tasks, the habits will become insurmountable.

Thirdly to introduce learners to "old hands" in the tightrope walking business. People who have scars from falls and tales of near misses. All who have tried difficult tricks with varying degrees of success. Learning from these "old hands" is invaluable because often it is in this manner that the unwritten codes and "tricks of the trade" are passed on.

Fourthly the sort of circus act we are doing is a group, high wire, interactive display, which necessitates us carrying out difficult movements in an organized fashion.

The skills required for this sort of act means that the individual performer must learn to work closely with the others in the group. They must know what role and movements each is going to carry out.

They must communicate and talk, they must plan ahead what they are doing as well as ensure that their equipment is safe and in place for their act. Regular practice is the only way to ensure that the team works well together effectively.

Fifthly the team must perform and gain the enthusiasm of the audience. If their act is successful, they will get more bookings. If not they have to develop a different act with the help of the coach and other parties interested in their success.

If we look at the profile of this group, *we can see that for them to continue they must constantly be in a process of development.* Audiences change, new tricks must be learned and new members of the act inducted into the ways of the team to the extent that they are clear on roles and tasks. The role of the coach in this changing environment must be forever flexible and most of all, must be relevant to the needs of individuals within the group.

Co-operative Training and Education in the past 12 months has certainly required our College to carry out these five roles with a high degree of flexibility and I can assure you by next year we will be offering a Masters degree on tightrope walking alone.

Our "intenders Course" is for the enthusiastic beginners and is designed to ensure that upon completion, participants will have a better knowledge of what workers co-operatives are all about. They can talk to a few "old hands" and get a feeling from this association whether they would be comfortable in a co-operative structure.

Once the enthusiastic beginner has definitely decided to join the circus and the circus has decided to pay them, we then move on to the New Enterprise Programme. This programme is designed to help new co-operatives to prepare a business plan for the first 12 months of their operation. The structure of the programme involves 4 stages.

Workshops
Research
Sounding Boards
Review

It is important to state that this programme is about *acquiring management skills to run the co-operative*. It assumes that the technical skills required for members of the co-operative to carry out the business are already there in some form or other.

Consultancy is then provided for co-operatives who are members of the Co-operative Development Programme. The type of consultancy is based on co-operatives identifying specific needs and working towards resolving these using specialist consultants over a period of 12 months because of the variety of problems the programme has to be flexible to reach specific training needs.

Within co-operatives, education and training programmes are critical if the level of skills of members are to be increased to allow them to reach their full potential. This fifth international principle of co-operation should be carried out systematically. Like the tightrope walking team, members of the co-operative must have clear roles and responsibilities. It is only by defining these that the group can identify where individuals are having problems achieving what the job requires. A simple appraisal of what should be done, as against what actually is done can provide valuable information about the types of training needs the co-operative has at a particular point in time. This is the fundamental system of training needs analysis.

The advantages of doing this are obvious, in that individuals focus their attention on their development in a positive sense, rather than continue to perform badly, with the consequent negative effects that this has on the team.

A constant and systematic approach to training and development within the co-operative will ensure a higher degree of job satisfaction and a more open attitude towards job performance within the co-operative.

Finally, getting the enthusiasm of the audience the fifth role of educationalists is to encourage the constant evaluation of the changing face of the market place. In a time when the educational half-life of Harvard graduate in Engineering is 3 years, the prospect of lifelong learning is a reality today. Whatever field, or occupation we are involved in, the pace of new technology and information will necessitate us to continually update both our knowledge and technical skills.

Perhaps Peter Drucker, the well-known management consultant stated it well when he wrote:

"The productivity of knowledge has already become the key to productivity, competitive strength and economic achievement. Knowledge has become the primary industry, the industry that supplies the economy with essential and central resources of production"

Knowledge is power, co-operatives take note.

Tom Malcolm

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